



Karnataka State Chartered Accountants Association ®



CA. T.N. Raghavendra
President

CA. Chandrashekara Shetty
Secretary

Date: 19th August 2017

To.,

Shri. Hasmukh Adhiaji
Hon. Revenue Secretary
Ministry of Finance
New Delhi

Respected Sir,

MEMORANDUM REGARDING HARDSHIPS FACED IN GST FILINGS

The Karnataka State Chartered Accountants Association (R) (in short '**KSCAA**') is an association of Chartered Accountants, registered under the Karnataka Societies Registration Act, in the year 1957. KSCAA is primarily formed for the welfare of Chartered Accountants and represents before various regulatory authorities to resolve the professional problems faced by chartered accountants. We at KSCAA have been serving keenly our fraternity and public by having discussions with them and taking their issues and populating them before right forums in a selfless manner over the past six decades.

At the outset, we congratulate you on the firm steps taken by your government in GST implementation and are highly appreciative of the political will displayed and also the speed of implementation of GST especially which requires a large scale implement of resources. As partners in nation building, we wholeheartedly welcome this and will endeavour our best to make this a big success and we pledge our unconditional support towards this initiative. There are many issues and hardships being faced by the GST assesseees due to systems not being in place. The law being nascent, one the understanding itself requires quite an effort, having their GST infrastructure is another big task; assuming that the GST assesseees match these things and have to populate in time, the GST website is also having downtime. These vagaries have left the assesseees high and dry. Many assesseees and professionals have requested us to represent on this matter.

The objective of submitting this memorandum is to appraise your goodselves the hardships and issues being faced by the various assesseees and seek your support and solution to resolve the same.



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Pressing Issues:

1. Scheduled downtime on e-filing website:

The GSTR 3B is required to be filed by 20th Aug for the July transactions. On a pan India basis people are uploading and paying taxes, which is expected to have issues relating to access traffic. As far as the present going is concerned, we find that the test run has been insufficient. A gesture of proactiveness to extend the due date and quick communication to such effect is immediate pressing need of the hour and also, quick redressal and overhaul of the infrastructure so as to not have such issues recurring is highly helpful.

2. The timeline for filing Form GST TRAN-1 for claiming transitional input tax credits is 90 days from the appointed day i.e. 30th September 2017. However, recent notification No.23/2017 – Central Tax dated 17th August 2017 curtails this due date to 28th August 2017.

Rule 117 of the CGST Rules, 2017 entitles every registered person to avail credit of input tax under Section 140 within 90 days of the appointed day by submitting a declaration electronically in Form GST TRAN-1. However, the recent notification no. 23/2017 – Central Tax dated 17th August 2017 which specifies registered persons who wish to avail input tax credit in terms of Section 140 by filing Form GST TRAN-1, should complete the electronic filing of both GST TRAN-1 and GSTR-3B by 28th August 2017 to avail the transitional credit off-set, is contradictory to the provisions of Section 140 read with Rule 117 of the CGST Rules under which this notification is issued. It is causing significant distress to various stakeholders as the form is still not made available for e-filing. This is a classic situation of notification bypassing the legal mandate.

3. Clarity on claim of ITC flowing from GST TRANS-1.

There are situations where few assesseees have already filed the GSTR- 3B immediately after the release of the said form in second week of August and before the issuance of the notification No.23/2017-Central Tax clarifying the filing of GST TRAN-1 & GSTR-3B. Further, few assesseees who might have filed their returns without claiming ITC as GST TRAN-1 is yet to be released and in the light of the statutory mandate that ITC has to flow from GST TRANS-1 and due date for filing is 90 days from appointed date, claim of the assessee shall be made available to him in the month in which the GST TRANS-1 is filed thereby following the provisions of the statute in letter and spirit. Since any of these interpretations cannot be faulted on the assesseees, we request you clarify the correct position of the Law on ITC claim flowing from TRANS-1 especially when the form is still not yet released for filing.



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4. Level playing field for the assessee vis-à-vis the compliances.

The issue being faced by the assessee is that the returns cannot be revised and they are required to provide all the information in a short timeline. Also, the input matching is not available yet as the GSTR-1 & 2 is not yet operational. This will have major matching issue. Hence, a request for allowing GST-3B revision would be helpful to match the data with GSTR 1 & 2 and avoiding undue hassles to the assessee at large. The resolution of matters offline with State/ Central jurisdiction be notified for the teething issues, which cannot be resolved online for initial few months, this would be highly appreciated.

5. Composition Schemes.

Some of the composition dealers under earlier regime while migrating to GST regime got migrated under regular scheme. Post migration, those assessee who wish to revert back to composition scheme are unable to exercise this option due to technical glitch in GSTN. In such cases, a clarification is required as to the requirement of filing GSTR-3B 'Nil' return by them or are they required to wait till the expiration of prescribed timeline of 30th September 2017 for exercising the option.

6. Surrender Cases.

Many assessee who are not falling within the ambit of GST due to their turnover below threshold for registration have been migrated due to legal mandate. In these cases, since they are not required to be under GST regime and wish to opt out, clarification on when the surrender form will be released for e-filing and clarity on whether they are required to file GSTR -3B 'Nil' Return.

7. Amendments.

Most of the assessee who wish to effect amendments to their registration are unable to do so due to technical glitch in GSTN. We earnestly request your goodself to set right the matter as soon as possible as small and medium assessee are dependent on consulting fraternity.

8. Clarification through FAQs, Handbooks and GOI Twitter handle.

Most of the stakeholders are dependent on Sectoral FAQs, Handbooks and GOI Twitter for query resolution. We are amused to observe contradictory clarifications coming out GOI Twitter handle on the same issue. We request your goodself to issue a clarification on the authenticity of such contents.



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9. Payment through credit card and debit cards and without logging in/ usage of OTP.

For ease of operations we request for the payment option be enabled without OTP as many a times it is being paid by person on behalf of the entity as they may not be able to dedicate time and effort due to varieties of business reason and feasibility.

10. URD supplies quantification while filing of monthly return

It is practically difficult and compliance feasibility, and effort is highly required to practically arrive at the line item of expenditure. This makes it mandatory for monthly accounting for even the unorganised sector will be quite telling for them to operate properly under law. Naturally when the turnover of the vendors is below the threshold level, it would have been ideal to have their PAN quoted / address quoted instead of subjecting them for reverse charge. The machinery provision is draconian and daunting enough for the small-scale sector and against their very subsistence especially when this community is a merit in itself as India has sustained the depression due to their self- sufficiency, this very base seeming to be hit inadvertently due to such provision.

In a progressive approach and in the path of successful implement of GST law, we as the partners in nation building, have been requested by many assesseees and practitioners to represent the issues being faced in the compliance machinery. In this endeavour we write this memorandum.

Hope to receive some clarification and support from your goodselves in easing the problems!!

Thanking you,

Yours sincerely,

For **Karnataka State Chartered Accountants Association ®**

CA. Raghavendra T.N.
President

CA. Chandrashekara Shetty
Secretary

CA. Vijay Sagar Shenoy
Chairman
Representation Committee